

THE TARGETED JOBS TAX CREDIT

Staff Memorandum

Congressional Budget Office

May 1984

This paper was requested by Chairman Dan Rostenkowski of the House Ways and Means Committee. It was prepared under the supervision of Nancy M. Gordon, Assistant Director, Human Resources and Community Development Division, CBO (226-2669). Questions regarding the analysis may be addressed to Sandra Christensen (226-2665)

PREFACE

This paper was written by Sandra Christensen, at the request of the Committee on Ways and Means of the U.S. House of Representatives. Christensen is in CBO's Human Resources and Community Development Division under the direction of Nancy Gordon and Martin Levine. Others who contributed to preparation of the paper include Howard Levine and Roald Euller, who provided computer assistance; Francis Pierce, who edited the paper; and Mary Braxton, who prepared it for distribution.

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SUMMARY

The Targeted Jobs Tax Credit (TJTC)--an employer tax credit that reduces the cost of hiring workers from certain disadvantaged groups--is scheduled to expire at the end of 1984. To assist the Congress in considering whether to reauthorize the TJTC, this study reviews information about the operation of the program and discusses the findings from analyses by the Congressional Budget Office (CBO) regarding its effectiveness.

BACKGROUND

The TJTC is a nonrefundable employer tax credit. The credit seeks to induce private-sector employers to try workers from high-risk groups that they might not otherwise choose to hire. Under current law, employers may claim a tax credit for up to two years--50 percent the first year and 25 percent the second year--of the first \$6,000 earned annually by newly hired eligible employees. Workers eligible for this credit include low-income youth age 18 to 24, low-income youth age 16 to 19 in cooperative education (work-study) programs, public assistance recipients, disabled workers in rehabilitation programs, low-income Vietnam veterans, and low-income ex-convicts. In addition, employers may claim a credit of 85 percent of the first \$3,000 earned by low-income youth age 16 or 17 hired for the summer months. Two-thirds of workers claimed for the year-round program are from youth categories.

In its early years, it was widely believed that the program did not alter employers' hiring decisions but, instead, provided primarily windfall benefits for firms. There were two reasons for this belief. First, about half the workers certified for the credit were youth in cooperative education programs--a group that employers were generally willing to hire without the credit as an inducement. Second, two-thirds of other workers claimed for the credit--from economically disadvantaged groups--were certified retroactively. That is, first they were hired and only later did employers determine their eligibility for the credit. In this instance, too, it seems unlikely that the credit shifted hiring preferences.

To increase the effectiveness of the TJTC, the Economic Recovery Tax Act of 1981 eliminated both eligibility for cooperative education students, unless they were also economically disadvantaged, and retroactive certification. Following these changes, certifications declined in 1982 by about 40 percent, with three-quarters of the decline due to the restriction imposed on eligibility for cooperative education students. The rest of the decline was due, in unknown proportions, to the elimination of retroactive certification and to the recession, which resulted in lower overall demand for workers. By 1983, however, use had returned to its 1981 level of more than 400,000 certifications, reflecting renewed economic growth and greater efforts by the Employment Service to implement the program. Still, only about 10 percent of employers have used the credit, and employers

have claimed the credit for fewer than 10 percent of the eligible workers they have hired.

EVIDENCE ABOUT THE PROGRAM

There are two major questions about the TJTC in its present form. First, is it effective? That is, does it generate jobs for targeted workers that they would not have had without the subsidy? Second, if it is effective, how can employer participation be increased in order to provide benefits to a greater number of workers?

Is the TJTC Effective?

For a number of reasons, it is very difficult to assess whether the TJTC generates additional employment for targeted workers. For one, the credit is available to all for-profit firms, so that it is impossible to set up a controlled experiment to evaluate employers' responses to the credit. Further, information about the employment of targeted workers is very limited. Data are sufficient for analysis only for the largest of the nine target groups--low-income youth age 18 to 24.

Based on an analysis of the data that are available, it appears that the credit has encouraged hiring of low-income youth. In a 1982 survey, about a third of employers who responded (all of whom had used the credit) said

that it significantly influenced their choice of which workers to hire. Another 22 percent said it influenced their choice only slightly. An examination by CBO of employment data for 1980 and 1981 indicated that the proportion of workers who were under age 25 was higher by at least 6 percent, on average, in firms that had used the credit compared to similar firms that had not used it. Targeted youth appeared to gain in employment without adverse effect on employment of nonpoor youth, perhaps because employers structured their hiring practices toward youth in general in response to the credit. Since there was no consistent evidence that the credit increased employment overall, employment gains for youth may have been at the expense of adult workers who were displaced. Even if displacement was substantial, though, the credit may be desirable if it reduces the concentration of unemployment on disadvantaged groups.

How Can Employer Participation Be Increased?

If the Congress chooses to reauthorize the TJTC, the next question is how to increase employers' use of the program. If the 90 percent of firms not now using the credit were contacted by Employment Service personnel, told how the program works, and asked to accept program referrals, CBO estimates that up to a third could be persuaded to do so. Success rates would probably be highest in large firms with a high proportion of low-skill jobs, and lower in small firms or firms with few low-skill jobs.

Even with such efforts, however, a substantial proportion of employers are unlikely ever to use the credit. For example, employers who do not pay taxes--about 30 percent of firms--cannot benefit from the TJTC. Further, employers whose products or services cannot be produced with low-skill labor will not use the credit, since they cannot employ the kind of workers who are eligible for it.

CHAPTER I. INTRODUCTION

The Targeted Jobs Tax Credit (TJTC) is a non-refundable employer tax credit intended to increase private sector employment for certain disadvantaged groups. The credit was initiated by the Revenue Act of 1978, but has been modified with each subsequent reauthorization, in 1981 and 1982. It will expire at the end of December 1984 unless reauthorized.

There are two principal concerns about the TJTC. One is that use by employers is low, with the result that the impact of the program on employment for targeted groups cannot be large even if the credit alters the hiring patterns of employers who use it. The second concern is that the credit may provide windfall benefits to employers who use it without changing their hiring patterns.

This study investigates each of these concerns. Chapter II describes the TJTC and other federal employment subsidies targeted on the disadvantaged. Chapter III analyzes data from a survey of employers to identify the determinants of employers' use of the TJTC and whether it appears to alter their hiring preferences. Finally, Chapter IV examines evidence for individuals from the largest target group--disadvantaged youth

age 18 to 24--to assess what employment benefits they get as the result of the TJTC. The empirical results reported in this study are tentative, though, because of difficulties in interpreting the findings that are explained in the relevant sections.

CHAPTER II. THE TARGETED JOBS TAX CREDIT

The TJTC is a subsidy, intended to increase employment prospects for members of designated groups that experience unusual difficulty in finding jobs even in a healthy labor market. Subsidies reduce the cost to employers of hiring from these groups, making targeted applicants better able to compete with unsubsidized job-seekers. Subsidies are intended to compensate, at least partially, for whatever disadvantages members of the targeted groups have relative to other members of the labor force. These disadvantages may be either real or perceived differences in work skills between the targeted groups and other workers.

If targeted groups are actually less qualified, on average, than other workers, subsidies must be sufficient to compensate for their lower productivity and must last long enough for them to increase their productivity to that of other workers by learning on the job. If target group members are at a disadvantage because of employers' inaccurate perceptions about their productivity, subsidies must be sufficient to compensate for their lower expected productivity but need not be of long duration, since short-term subsidies are sufficient to allow employers to try target group employees and see that their perceptions were inaccurate.

The number of jobs created by the credit--both net overall and for targeted workers--is likely to fall short of the number of jobs subsidized. To some extent, employers will simply shift their hiring toward targeted workers in response to the credit, without an expansion in overall employment. Economic theory suggests that the credit should result in some increased employment, though, because it lowers the cost of labor. Even the number of new jobs provided to targeted workers will be less than the number of jobs subsidized, since some employers will claim credits for hiring they would have done anyway. To the extent this occurs, the credit is a windfall benefit to the employer. Windfall benefits occur to some degree from all subsidies, though.

Currently, the federal government provides targeted employment subsidies through three programs--the Targeted Jobs Tax Credit (TJTC), the Job Training Partnership Act (JTPA), and the Work Incentive program (WIN). The TJTC is a credit against tax liability that any taxable employer with eligible employees may claim. Subsidies under the JTPA and WIN programs are provided on a discretionary basis to selected employers who have agreed to accept placements of JTPA or WIN participants. ^{1/} This study focuses only on the TJTC.

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1. In the JTPA and WIN programs, employers may receive subsidies of up to 50 percent of an employee's wage costs in return for on-the-job training. In addition, there is provision under the JTPA for fully subsidized but short-term "try-out" employment with private-sector employers.

THE TARGETED JOBS TAX CREDIT TODAY

The TJTC was initiated by the Revenue Act of 1978 (P.L. 95-200), and subsequently amended and extended by the Economic Recovery Tax Act of 1981 (P.L. 97-34) and the Tax Equity and Fiscal Responsibility Act of 1982 (P.L. 97-284). The current authorization will expire at the end of December 1984.

Under current law, employers may claim a credit of 50 percent the first year and 25 percent the second year on the first \$6,000 earned annually by each employee newly hired from any of the following groups:

- o Economically disadvantaged 2/ students age 16 to 19 who are in cooperative education programs;
- o Economically disadvantaged youth age 18 to 24;
- o Ex-convicts who are economically disadvantaged;
- o Vietnam veterans who are economically disadvantaged;
- o Handicapped persons referred from vocational rehabilitation programs;
- o Recipients of general assistance payments;
- o Recipients of Supplemental Security Income; and
- o Participants in the Work Incentive program and other recipients of Aid to Families with Dependent Children.

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2. Economically disadvantaged persons are defined as those having a family income during the preceding six months that, on an annual basis, was less than 70 percent of the "lower living standard," based on the lower family budget compiled by the Bureau of Labor Statistics (BLS). BLS stopped revising the lower family budget in 1981, though, because it believed the consumer expenditure information the budget was based on was no longer accurate. As a result, the lower living standard has not been updated since 1982, so that real eligibility conditions for the TJTC are increasingly more stringent.

In addition, employers may claim a credit of 85 percent of the first \$3,000 earned by each economically disadvantaged youth age 16 or 17 newly hired for employment during any 90-day period between May 1 and September 15.

The TJTC is a capped nonrefundable credit. The total value of the employment credit that a firm may claim is limited to 90 percent of its federal income tax liability less all other nonrefundable credits. If a firm's credit in a given year exceeds this cap or a firm has no tax liability that year, the credit can be carried back for 3 years and forward for 15 years against other years' taxes.

The TJTC is administered by the U.S. Employment Service, through local Job Service offices. The certification procedure was designed to relieve employers from the responsibility of proving that a worker is a member of an eligible group. It was intended that job applicants would first be issued vouchers by the Job Service that verified their eligibility for the credit. Employers would confirm that the applicants had been hired by signing the vouchers and returning them to the Job Service, which would return certificates that the employers could file with their tax returns to substantiate their claims for the credit. ^{3/} In some instances, however,

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3. Vouchers are issued to job-seekers and provide information about job applicants to potential employers, assuring employers of applicants' eligibility for the credit if hired. Certificates are issued to employers and provide information to the Internal Revenue Service, verifying employers' claims for the credit.

employers (or their agents) refer unvouchered job applicants or newly hired individuals whom they believe may be eligible for the credit to the Job Service to establish their claim to a credit. Incentives for Job Service offices to market the TJTC were increased in 1983 by an administrative decision to allocate administrative funds on the basis of certifications issued.

EVOLUTION OF THE TJTC

The TJTC is not the first federal targeted employment tax credit. It was preceded by the WIN tax credit, authorized in 1971, for which only recipients of Aid to Families with Dependent Children (AFDC) who were certified as employable by the WIN office were eligible. Initially, the credit was set at 20 percent of all wages paid to eligible employees during their first 12 months of employment, with total credits claimed by any firm in one year limited to \$25,000 plus one-half of the firm's federal tax liability above \$25,000. Use was very low, however, with the result that the tax credit provisions were liberalized in 1975 and again in 1976. Further revisions of the WIN tax credit were authorized by the Revenue Act of 1978, which made it very similar to the new Targeted Jobs Tax Credit authorized by that act. In particular, the WIN credit was increased to 50 percent in the first year of employment, and a 25 percent credit was authorized for the second year of employment. Limits were placed on the amount of wages eligible for the credit for each employee, but the ceiling on total credits

claimed by any one firm was liberalized, limited only by the firm's federal tax liability. The only major difference between the WIN tax credit and the TJTC in 1978 was that eligible employees had to be retained for at least 30 days to be claimed under the WIN tax credit, while there was no retention requirement under the TJTC.

Tax legislation in 1981 eliminated the separate WIN tax credit and added WIN/AFDC participants to groups targeted under the TJTC. It also, for the first time, restricted TJTC eligibility for cooperative education students to those who were economically disadvantaged. Finally, it introduced a requirement that employers hiring eligible employees had to request certification of their eligibility prior to their employment in order to claim the credit.

These last two changes were expected to reduce use substantially because cooperative education students had made up about half of all employees certified for the TJTC, and because about two-thirds of all other certifications were retroactive—that is requested for employees already on the job. It was also believed, however, that a higher proportion of employees subsidized by the credit would represent additional employment generated for targeted groups, rather than just windfall benefits to employers for hiring they would have done anyway.

Following the changes in 1981, TJTC use declined in 1982 by about 40 percent, but three-quarters of the decline was due to the restrictions imposed on eligibility for cooperative education students. The rest of the decline was due, in unknown proportions, to the elimination of retroactive certification and to economic deterioration during the year.

The only substantial change made to the TJTC in its 1982 reauthorization was the creation of a special credit for hiring economically disadvantaged youth age 16 or 17 during the summer months beginning in 1983. Regular TJTC certifications (excluding the new summer youth category) in 1983 were nearly 50 percent higher than in 1982, reflecting renewed economic growth and greater Job Service efforts to market the program. Regular certifications for economically disadvantaged groups (excluding cooperative education but including the WIN group) were a third higher in 1983 than they had been in 1981, despite the elimination of retroactive certification (see Table 1).

In 1983, more than two-thirds of the certificates issued were for youth categories (see Table 2). On average, three times more vouchers were issued than resulted in certificates, although the certification rate varied among the different groups. Among the largest target group--youth 18 to 24--about 45 percent who were vouchered found jobs. Among WIN/AFDC applicants, by contrast, only 17 percent of those vouchered found jobs.

TABLE 1. TJTC CERTIFICATES ISSUED

| Fiscal Year | TJTC <u>a/</u> | TJTC Less Cooperative Education |
|---------------------|----------------|---------------------------------------|
| 1979 (part year) | 79,193 | 74,638 |
| 1980 | 321,348 | 186,986 |
| 1981 | 476,705 | 297,721 |
| 1982 <u>b/</u> | 275,936 | 227,881 |
| 1983 | | |
| Regular Credit | 405,968 | 397,644 |
| Summer Youth Credit | 33,538 | 33,538 |

SOURCE: Office of Planning and Review, U.S. Employment Service.

- a. Includes economic determinations for disadvantaged cooperative education students, although these may not be equivalent to certificates issued for the group. Certifications under the separate WIN program are included for 1979 through 1982.
- b. The separate WIN tax credit and TJTC eligibility for nondisadvantaged cooperative education students were eliminated during fiscal year 1982 (at the end of December 1981).

Probably as the result of greater marketing efforts by Job Service offices, the estimated take-up rate for the TJTC--the proportion of eligible newly hired employees who are claimed by their employers--nearly doubled from 3.5 percent in 1982 to 6.8 percent in 1983. 4/ More than 90 percent of eligible individuals who find jobs are not claimed for the credit, however.

4. Take-up rates are estimated only for the group of disadvantaged youth age 18 to 24. They are computed by dividing the number of certifications approved for this group by the estimated number of new hires from this group for the year, which is about 3.8 million.

TABLE 2. TARGETED JOBS TAX CREDITS, BY TARGET GROUPS, 1983

| Group | Vouchers | | Certifications | | Ratio of Certifica- tions to Vouchers |
|---------------------------------|-----------|---------|----------------|---------|--|
| | Number | Percent | Number | Percent | |
| Cooperative Education <u>a/</u> | 8,324 | 0.6 | 8,324 | 1.9 | 1.00 |
| Youth 18-24 | 581,795 | 44.9 | 259,309 | 59.0 | 0.45 |
| Ex-convicts | 94,545 | 7.3 | 21,929 | 5.0 | 0.23 |
| Vietnam Veterans | 80,808 | 6.2 | 24,141 | 5.5 | 0.30 |
| Vocational Rehabilitation | 78,683 | 6.1 | 25,412 | 5.8 | 0.32 |
| General Assistance | 65,169 | 5.0 | 14,480 | 3.3 | 0.22 |
| Supplemental Security Income | 3,115 | 0.2 | 1,254 | 0.3 | 0.40 |
| WIN/AFDC | 294,394 | 22.7 | 50,736 | 11.5 | 0.17 |
| Summer Youth | 87,308 | 6.7 | 33,538 | 7.6 | 0.38 |
| TOTAL | 1,295,271 | 1.00 | 439,506 | 1.00 | 0.34 |

SOURCE: Office of Planning and Review, U.S. Employment Service.

- a. The number of economic determinations made for disadvantaged cooperative education students is included both as vouchers and as certifications, although it may not be equivalent to certifications issued for the group.

CHAPTER III. RESPONSES OF EMPLOYERS TO THE TJTC

There is no reason to seek ways in which to increase employers' use of the TJTC if the credit does not alter employers' hiring decisions, inducing them to hire more employees from targeted groups. If hiring decisions are not affected, then the TJTC simply provides windfall benefits to employers using it, without serving goals the Congress intended. 1/

This chapter describes the patterns of TJTC use by employers, investigates the factors that influence whether employers will use the TJTC, and obtains estimates of whether the TJTC has altered the hiring practices of employers. Most of the information given here is derived from a survey of employers made in early 1980 and repeated in early 1982. The respondents are a random sample of for-profit establishments from 28 locations around the country. (See Appendix A for descriptions of the data and the methodology used here.)

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1. Even if employers do not alter their hiring patterns in response to the credit, some employment benefits for the targeted groups could result from use of the credit if firms made enough use of it to reduce their costs appreciably, thereby expanding the number of workers they hire. But only firms that make relatively heavy use of low-skill employment are likely to have enough employees eligible for the credit to result in a significant reduction in costs.

About 10 percent of employers in the survey sites had used the TJTC by 1982, up from less than 1 percent in 1980. ^{2/} Firms that used it tended to use it heavily, with 20 percent of employees subsidized, on average (see Table 3). Employers in manufacturing, in wholesale or retail trade, and in service industries were more likely to use the TJTC than those in other industries. Use was strongly related to firm size.

Employer use also varies by region. The TJTC is used most intensively in the South, which generated 43 percent of TJTC certifications in 1982, but had only 33 percent of all employment. Use is least intensive in the Northeast (see Table 4). Regional variation in use is probably at least partly due to variation in local promotional efforts, since certifications tend to be high relative to employment in states where the number of vouchers is high relative to the size of the eligible population. ^{3/}

DETERMINANTS OF USE BY EMPLOYERS

A number of factors may influence whether a given employer will use the TJTC, and sorting them out can help determine how

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2. These figures, and those reported in Table 3, are based on responses weighted to reflect sampling probabilities in the survey sites. About 21 percent of all respondents to the 1982 survey had made use of the credit.
 3. The simple correlation between the voucher rate and the certification rate across states was .65 in 1982. Certifications have been a fairly constant proportion of vouchers from year to year, despite large changes in the number of vouchers issued.

TABLE 3. ESTIMATED USE OF THE TJTC BY EMPLOYERS, 1982

| Type of Employer | Percent of All Firms in the Survey Sites | Percent of Firms That Used the TJTC | Percent of Employees Subsidized in Firms That Used the TJTC |
|-------------------------------|---|--|--|
| By Number of Employees | | | |
| 4 or less | 36 | 4 | 18 |
| 5-19 | 41 | 10 | 26 |
| 20-49 | 13 | 12 | 9 |
| 50-199 | 7 | 21 | 21 |
| 200 or more | 2 | 44 | 14 |
| By Industry | | | |
| Agriculture | * | 0 | 0 |
| Mining | 1 | 2 | 1 |
| Construction | 9 | 8 | 10 |
| Manufacturing | 8 | 13 | 18 |
| Transport/Utilities | 4 | 6 | 15 |
| Wholesale/Retail Trade | 40 | 11 | 32 |
| Finance | 9 | 5 | 8 |
| Other Services | 28 | 10 | 10 |
| All Employers | 100 | 10 | 20 |

* Less than 0.5 percent.

SOURCE: 1982 Employer Survey funded by the National Institute of Education and the National Center for Research in Vocational Education. This survey is not nationally representative, but is representative of both urban and rural sites in three regions--South, North Central, and West. In all, 3,710 employers responded to the survey.

TABLE 4. EMPLOYER USE OF THE TJTC, BY REGION, 1982

| | Certifications as Percent of Total <u>a</u> / | Employment as Percent of Total <u>b</u> / |
|---------------|--|--|
| Northeast | 17.5 | 23.0 |
| North Central | 22.3 | 25.4 |
| South | 43.1 | 33.4 |
| West | 17.1 | 19.8 |

SOURCE: TJTC administrative data; and Employment and Earnings, May 1983.

- a. The total number of certifications in fiscal year 1982 was 202,261. Certifications for cooperative education students are not included here.
- b. Average nonagricultural employment for calendar year 1982 was 88.5 million.

important program outreach efforts are and where promotional efforts would be best concentrated if the credit is an effective way to alter employers' hiring practices. ⁴/ Some employers are unlikely ever to use the credit, however. For example, employers who do not pay taxes—about 30 percent of firms—cannot benefit from the credit. Further, employers whose products or services cannot be produced with low-skill labor will not use the credit, since they cannot use the kind of workers who are eligible for it.

4. See John Bishop, ed., Subsidizing On-the-Job-Training: An Analysis of a National Survey of Employers, National Center for Research in Vocational Education, and Institute for Research on Poverty (1982), p. 25, for an earlier analysis of employers' use of the TTJC.

The most important determinants of use are outreach efforts by the program's administrators, the size of the firm, and the percent of workers in the firm under age 25 at the start of the survey period. Other factors that are positively related to TJTC use are the employer's demonstrated willingness to fire unsatisfactory employees and the employer's attitude toward involvement in government programs. Firms in service industries are most likely to use the TJTC, followed by firms in wholesale and retail trade (see Table A-3 in Appendix A).

Outreach is an important determinant because a firm cannot use the TJTC if it does not know about it. The outreach measures used in this study included contacting firms to inform them of the program, and asking them to accept TJTC-eligible referrals. The results reported in Appendix A indicate that the probability of using the TJTC is increased by 21 percentage points for firms that are informed about the credit, and by 32 percentage points for firms that are also asked to accept eligible referrals.

Firm size is important for two reasons. First, large firms are more likely to be informed about the TJTC because the agencies responsible for administering it would likely concentrate their promotional efforts on large establishments, which are more likely to be hiring at any given time. Second, large firms have more incentive to use the credit because they are more likely to recover the relatively fixed costs of learning

about the credit and of modifying their hiring practices to take advantage of it.

The third factor, a high proportion of young employees, is important because it indicates that the firm has low-skill jobs suitable for TJTC-eligible workers. Demonstrated willingness to dismiss employees is a determinant of TJTC use because it means that a firm can easily correct hiring mistakes. This is important, since the purpose of the TJTC is to induce firms to hire workers they would normally be reluctant to hire. Most employers feel that hiring a subsidy-eligible worker means they are taking a greater risk that things will not work out.

These results are consistent with findings from a TJTC marketing experiment conducted by the Wisconsin Department of Health and Human Services in early 1981. In that experiment, it was found that large firms were more likely to use the TJTC and that telephone contact from TJTC personnel significantly increased the likelihood of employer use, although this result could be a spurious effect of biases introduced by the researchers' decision to eliminate firms that refused the telephone promotion from the sample. 5/

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5. Mail-only promotional efforts were positively related to greater use, but this finding was so weak that it could have been the result of random variation in the data. See Jean Badeau and others, "Jobs Tax Credits--The Report of the Wage Bill Subsidy Research Project, Phase II," Wisconsin Department of Health and Social Services and the Institute for Research on Poverty (January 1982).

Respondents to the Employer Survey who did not plan to use the TJTC gave various reasons for their decision. Among those who had previously used the credit, 18 percent said that they had been dissatisfied with Job Service referrals; 15 percent said that claiming the credit involved too much paper work; and 17 percent said that eligible workers were either too unskilled or unreliable. Only 3 percent cited concern about government interference. Among those who had not used the credit, 30 percent said that they did not use the Employment Service (see Table 5).

EFFECTS OF THE TJTC ON EMPLOYERS' HIRING PATTERNS

Responses from the Employer Survey indicate that the TJTC does alter the hiring decisions of employers. When asked whether an employee was more likely to be hired if eligible for the credit, 34 percent of those responding said that TJTC eligibility affected the decision significantly. Another 22 percent said it had some effect, though small. The remainder said the credit had no effect on their decisions. There is reason to be skeptical of such self-reported responses, however, since the TJTC clearly benefits employers who claim it whether or not it alters their hiring decisions to benefit the targeted workers. Consequently, employers may say that the program is having its intended effect even if it is not, because they want to see it continued.

More objective evidence that the TJTC alters hiring decisions comes from empirical estimates of firms' employment, where TJTC use is one of

TABLE 5. REASONS EMPLOYERS GIVE FOR NOT PLANNING TO USE THE TJTC IN THE FUTURE

| Reasons | Percent of Respondents Citing This Reason Who a/ | |
|---|---|-----------------------|
| | Have Used TJTC | Have Not Used TJTC |
| Didn't think of it | 4 | 2 |
| Don't expect to be hiring | 10 | 16 |
| Will not be needing types of workers who might be eligible | 9 | 10 |
| Employment Service or other agency is too slow | 2 | * |
| Don't use the Employment Service | 20 | 30 |
| Dissatisfied with Employment Service referrals | 18 | 10 |
| Too much paper work | 15 | 14 |
| Eligible workers not skilled enough | 9 | 19 |
| Eligible workers not reliable enough | 8 | 4 |
| Applicants should be judged by qualifications, not by whether tax credit is available | 19 | 6 |
| Would not benefit because we have no tax liability | 0 | * |
| We are not eligible | 1 | 1 |
| Tax benefit not big enough | 2 | 2 |
| Might result in government interference | 3 | 5 |
| Other | 5 | 5 |

* Less than 0.5 percent.

SOURCE: 1982 Employer Survey.

- a. Percents sum to more than 100 because respondents could list up to three reasons for not planning to use the credit.